EXHIBIT 149

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From: Kevin Corrigan < Kevin.Corrigan@eigpartners.com>

To: Blair Thomas; Kurt Talbot

CC: Niranjan Ravindran; Randall Wade; Clay Taylor; Kevin Lowder; Patrick Songsanand; William

Sikora

Sent: 2/7/2011 2:18:56 PM

Subject: Sete Brasil

Attachments: Project Rigs_TCW_Final.pdf; Sete Brasil Opportunity Memorandum.docx

Blair,

As discussed, please find attached a brief memo discussing the investment opportunity in Sete Brasil, the holding company being set-up by Petrobrás to initially capitalize seven SPV's to build, own and operate ultra deep water drill ships under long term charter contracts with Petrobrás. Also attached is a presentation titled "Pre-Salt Oil Rigs Project" prepared by Banco Santander, Petrobrás' financial advisor, dated October, 2010.

I have not yet gone back to Santander on how an investment on the order of \$50 million would be received by Petrobrás, or whether we would obtain a board seat and get comfortable with some of the governance issues under the structure currently being proposed. However, I will await further guidance before continuing our dialogue with Santander. Please don't hesitate to contact me if you need additional information, as I realize I've only scratched the surface. Please also not we are subject to a strict confidentiality agreement with both Petrobrás and Santander on these materials.

Best regards, Kevin



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MEMORANDUM

To: R. Blair Thomas, Kurt Talbot

From: Kevin Corrigan

Subject: Sete Brasil/Sete International

Date: Feb. 7, 2011



Introduction

Petrobrás is establishing a holding company in Brazil, Sete Brasil Participações S.A. (which in turn will own Sete International GmbH, in Vienna, Austria) to provide the equity investments necessary to capitalize seven SPV's to build, own and operate ultra deep water drill ships to be constructed for the first time in Brazil by a locally-owned shipyard, expected to be *Estaleiro Atlantico Sul ("EAS")*. EAS is a joint venture located in the Northeastern state of Pernambuco, among Camargo Corrêa, Queiroz Galvão, and Samsung Heavy Industries, with 10% participation. Camargo and Queiroz Galvão are two of the largest and most respected construction and engineering groups in Brazil, and Samsung has extensive experience in building ultra deep water drill ships for the Brazilian oil industry, up to this point at their own facilities in South Korea.

The initial capitalization of Sete Brasil is R\$2 billion (approximately \$1.2 billion), and at this point Banco Santander, in their capacity as financial advisor to Petrobrás, has commitments in various stages of approval from the four largest pension funds in Brazil (Petros – Petrobrás; Funcef – Caixa Economica Federal; Previ – Banco do Brasil; and Valia – Vale) and the largest foreign and private domestic banks, Santander and Bradesco, respectively. EIG has an opportunity to join this select group of investors as probably the only foreign investor, which could be done at the Austrian GmbH level in US dollars. The investment vehicle will be through a private equity fund regulated by the Brazilian Securities and Exchange Commission ("CVM") (please see pg. 8 of the "Pre-Salt Oil Rigs Project" attached). It is expected that Sete Brasil will undertake an IPO during its first years of existence, which according to Banco Santander, could provide an IRR of 30% to the initial investors, who are acquiring their quotas at par.

Investment Thesis

The proposed investment represents an opportunity to partner with Petrobrás, a world leader in deepwater exploration and production. The Pre-Salt oil fields represent one of the largest oil discoveries in years, and represent for Petrobrás, and the Brazilian Government, a strategic objective of the highest order. As the first of four batches of seven rigs, this operation will be closely watched as a model for significantly increasing the number of ultra deep-water rigs for Brazil, which also wants to use this opportunity to further develop their ship-building industry. Therefore, the drill ships will have increasing local content requirements. While Petrobrás will have significant control of the investment and operational chain, they can ill afford for this venture to fail, which coupled with a series of risk mitigants which have been put in place, should provide a reasonable level of assurance for a successful investment. Once the ships are built and commissioned, they will enjoy long term market-based charter contracts with Petrobrás (20-years for the first two; ten years for the next five, subject to renewal by mutual agreement), which has a sterling record of honoring its financial commitments. There are performance-based bonuses, as well as adjustment mechanisms built into the Charter Contracts for US CPI. Petrobrás is also subscribing to the concept of "economic equilibrium" which ensures that delays and cost overruns don't have a detrimental effect on the base case economics. I understand the initial day rate is still under negotiation. One significant risk is that Petrobrás, as it does with all its charter agreements, can refuse to take possession of a rig if it is delayed by more than two years. However, with oil

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exploration increasingly heading to deeper waters, it is expected that these rigs, to be built to Petrobrás' exacting specifications, and supervised by their engineers, will retain high market values after the expiration of the charters, in the unlikely event they are not accepted or renewed by Petrobrás.

Structure

As evident on pages 8 and 9 of the attached presentation, the Investment Fund ("FIP") will team up with Petrobrás ("BR") to capitalize Sete Brasil, which in turn will own 100% of Sete International. While the chart indicates a 95%/5% split between FIP and BR's participation, we understand the base case is now 90%/10%. Sete International will then invest in each of seven SPVs, such that their ownership will represent 85% of the equity of each SPV. Petrobrás intends to invest the remaining 15% of equity directly into the first two SPV's, while it is hoped that future SPV's will attract "strategic investors," i.e. operators, for the balance of the equity. Each SPV will own one ultra deep water drill ship valued at \$664 million (under turn-key, fixed-price, date-certain contracts), for a total investment for the first seven drill ships on the order of \$4.9 billion. Each SPV will, in turn, be capitalized on the basis of 20-25% equity, and 70-75% senior secured debt. Providers of senior debt are expected to be a combination of BNDES, Brazil's state-owned development bank, ECA's of countries where rig components are purchased, commercial banks, and capital markets, if appropriate.

A portion of the equity to the SPV's may take the form of subordinated debt, in the form of non-convertible debentures, in which case the return would be fixed, and the investors would not participate in any potential upside in the event of a successful IPO, as they would not be quota-holders.

Sete Brasil will retain the right to develop and build additional 7-rig systems under similar conditions, and Petrobrás undertakes not to create a competing structure for two years, or until 28 rigs have been contracted under this structure.

A number of contracts are in various stages of drafting; please see below some of their main points and what I view as issues which would have to be addressed should EIG decide to try to pursue this investment:

Main Contracts

a) Guarantee Fund for Naval Construction ("FGCN")

a. A R\$4 billion fund established by the Federal Government to cover debt service in the event of delays and/or cost overruns by the shipbuilder. There is no sovereign guarantee, though initial funding is from the Treasury. It is managed by the Caixa Economica Federal (same entity that manages the FIP investment vehicle) and covers up to 50% of the debt outstanding on each SPV. No more than 25% of FGCS's assets can be allocated to any one deal.

b) Shareholders Agreement (between the FIP -90%, and Petrobrás - 10%)

- **a.** The main provisions deal with governance: the Board of Directors will be comprised of nine individuals, as follows:
 - The President, who is chosen by the FIP holders from a list of three names provided by Petrobrás
 - ii. The Vice-President
 - iii. One Director appointed by Petrobrás, and
 - **iv.** Six directors appointed by FIP holders. As there are, in principle, six initial investors in the FIP, as noted above, we would want to ensure that EIG would be entitled to one seat on the Board.

c) Quota holders' Agreement among FIP holders

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- **a.** Seven directors, Caixa Economica Federal plus six investor representatives (same issue as above)
- **b.** There is a seven-year lock-up in the FIP, except among existing quota-holders. Otherwise, only with the approval of Petrobrás. Petrobrás itself has a ten-year lock-up in Sete Brasil, and a two-year non-compete with the existing structure.

d) Quota holders' Agreement between Caixa Economica Federal and each investor

- a. Investment Period: 10 years (10 years to divest)
- **b.** Petrobrás has right of veto over all Quota holders, determined by:
 - i. Petrobrás believes you are not capable of investing in this FIP
 - ii. You are in litigation with Petrobrás,
 - iii. You compete directly with Petrobrás, or
 - iv. You are a drillship operator

e) Regulation of FIP

- a. Administered by Caixa Economica Federal
- b. Investment Limit 33% of quotas in Fund (i.e. no controlling interest)
 - i. Minimum investment: R\$1 million
- c. Total Capitalization: R\$2 billion
 - i. Minimum First Closing: R\$300 million

f) Investment Agreement between Petrobrás and Sete Brasil

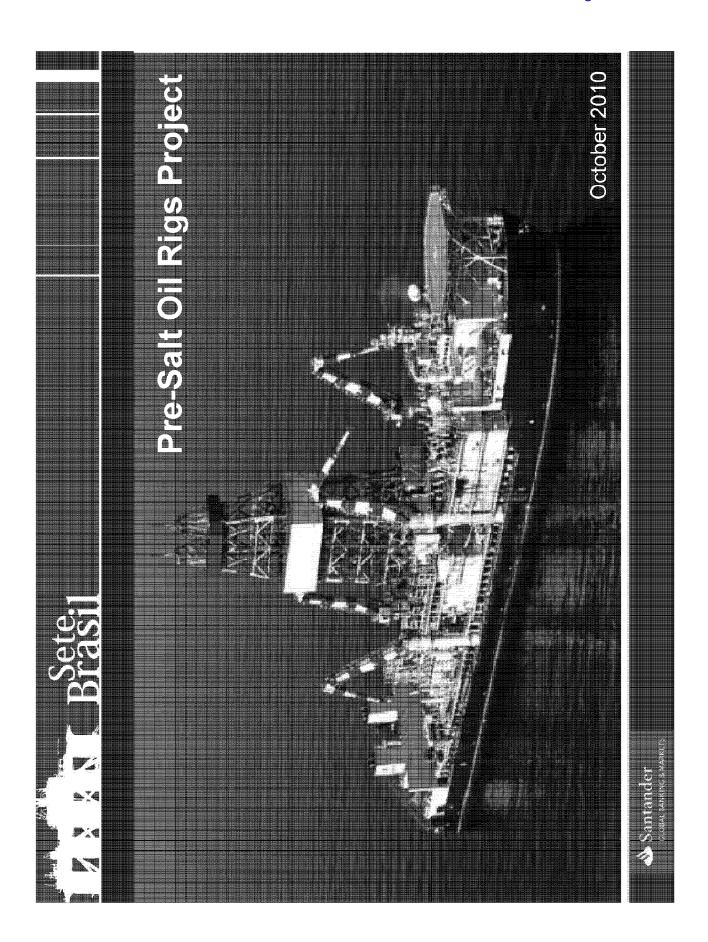
- a. SPV's will be 85% owned by Sete International (Austria)
 - i. 15% by Petrobrás Netherlands V.V. for first two SPV's
 - 1. Remaining 5 SPV's can be underwritten by Petrobrás, or sold, now or later, to "strategic partners," i.e. Operators. Twenty-one Operators have been prequalified, and include Odebrecht and Queiroz Galvão.
- **b.** Part of subscription can be through subordinated debt, which would be used by Sete Brasil to increase the capital of Sete International or by Sete International to increase the capital of the SPV's. Sub-debt would take the form of simple non-convertible debentures.
- **c.** During the first year of operations, a "Performance Fund" of \$56 million will be established and funded from SPV dividends to complement any shortfalls in senior debt service resulting from operator performance risk.
- **d.** During years 8-10 of operations a "Renewal Fund" of \$117 million will be established and funded from SPV dividends to ensure repayment of the Sr. Debt balloon.

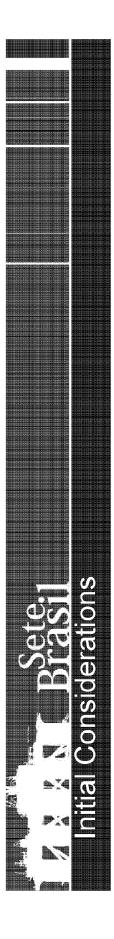
g) Timing and next steps

- a. At this point "soft circles" have been obtained from the previously identified pension funds and investment banks. All of them are in various stages of committee approval, and draft documentation is being reviewed and negotiated. Petrobrás is keen to close by April/May, as they have an ambitious E&P schedule, and need to provide NTP to EAS so that the first seven locally-built drill ships can be delivered in 2015 (the first two), 2016 (1), 2017 (2), 2018 (1), and 2019 (1).
- **b.** We would need to provide a strong expression of interest and obtain Petrobrás' concurrence to our entry. We would also need to ascertain whether our thought of a \$50 million investment is going to be sufficient to get a seat at the table, so to speak.

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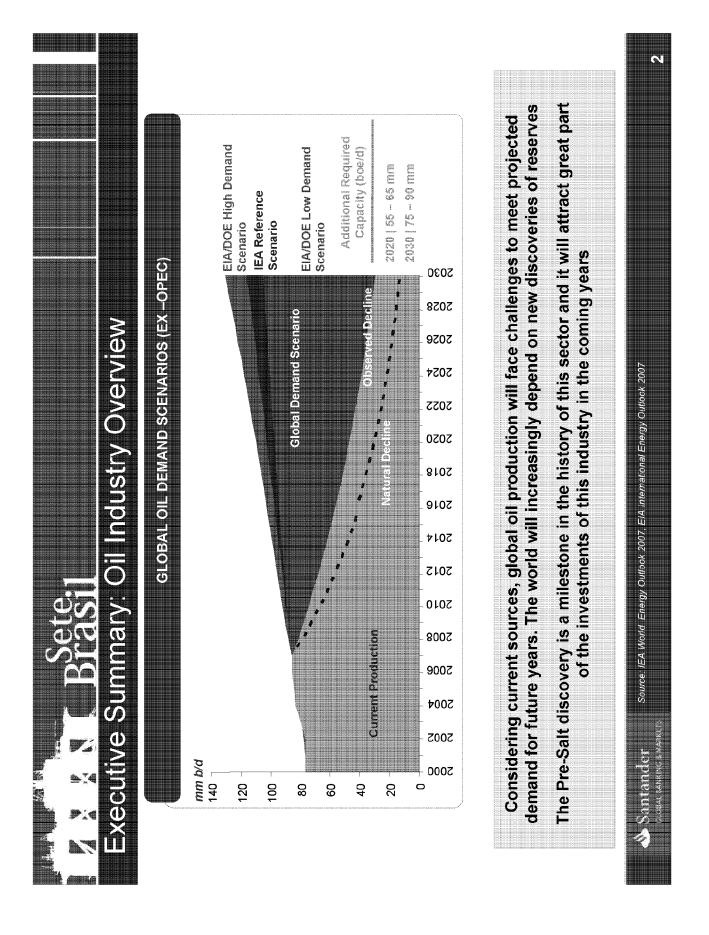
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Market Forecast

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Pre-Salt Oil Rigs Project

- and development of the Pre-Salt reserves, the new frontier of the global oil industry Sete Brasil S.A. ("Sete Brasil") will be a company which will act in the exploration
- With an area of 149,000 km² and huge estimated reserves, the Pre-Salt is considered one of the world's most promising reserves
- Sete Brasil's will implement 9 ultra-deepwater oil rigs and charter them under long term contracts to Petrobras
- Petrobras will use the rigs in the exploration of Pre-Salt blocks already under concession
- Possibility to implement additional rigs (up to 28) which will be necessary for the exploration of the vast area where the reserves are located

nique Opportunity to participate in the development and exploration of the Pre-Salt area in partnership with Petrobras, Brazil's leading oil & gas company

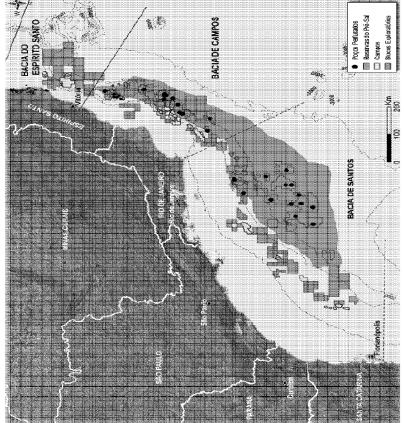


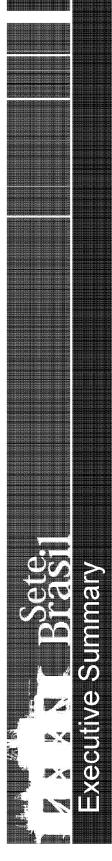
Source: Petrobras

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Total area: 149,000 km² Area under concession: 41,772 km² (~28%) Area not yet under concession: 107,228 km² (~72%) Depth: Up to 7,000 meters of drilling Reserves: Pre-Salt area under concession (Santos Basin): 8-12 billion boe Campos Basin: 630 Campos Basin: 630 Pre-Salt area under concession: 15 (until March 2010)





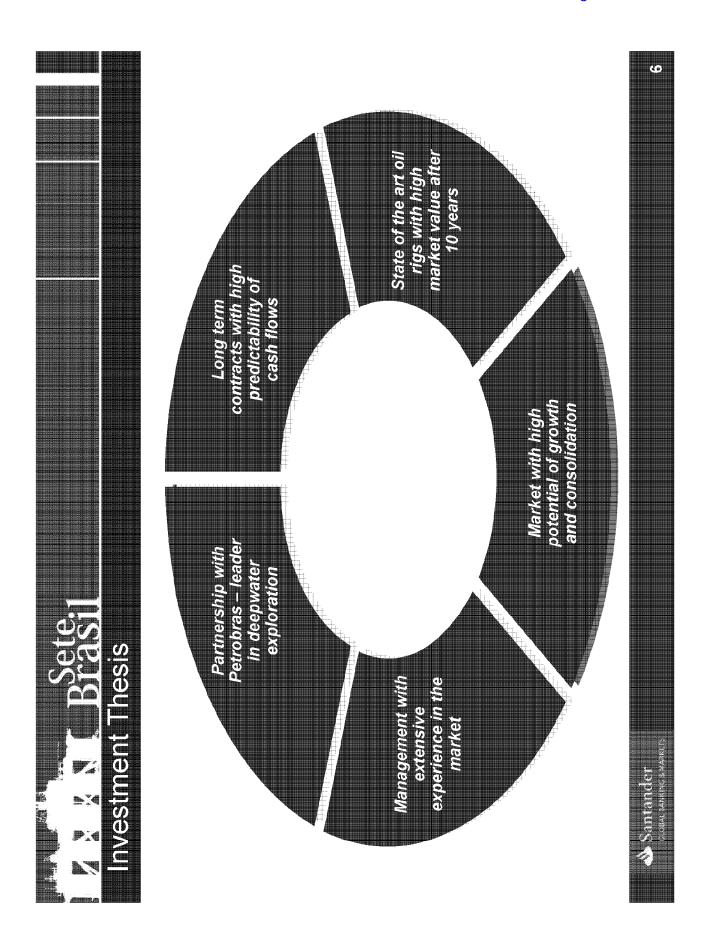
Petrobras is one of the concessionaires (jointly with players such as British Gas, Repsol, Galp, etc.) and the operator of certain exploratory blocks granted by the Brazilian Government in the Pre-Salt area

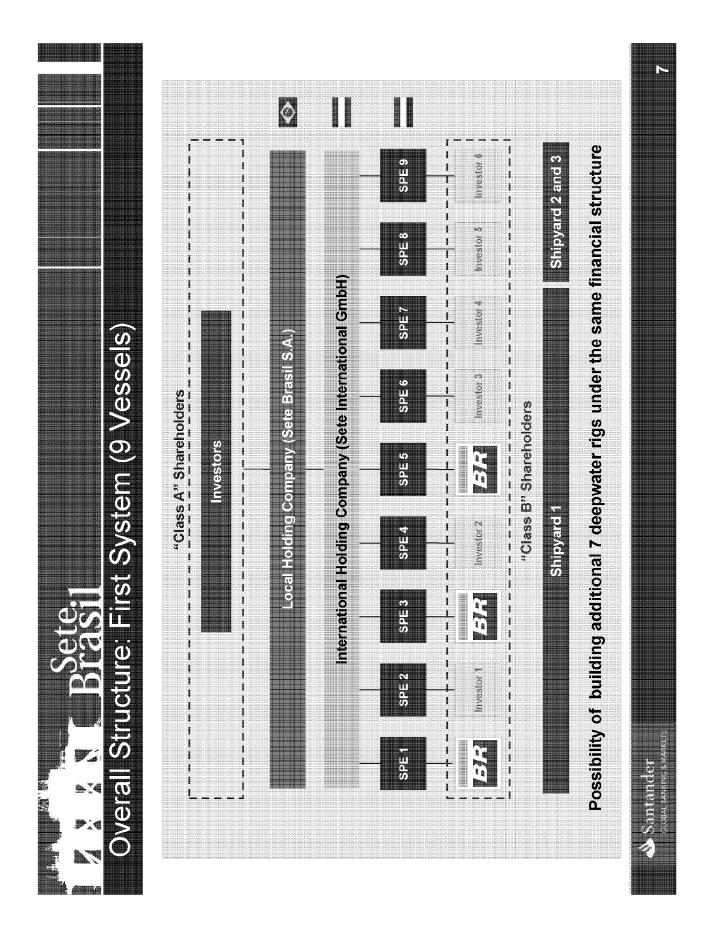
the global oil industry development, but will demand a large effort to be These reserves are highly promising, and considered the new frontier in converted into viable, productive and profitable businesses: Campos Basin (Brazil's largest oil production area) comprises approximately 8.6 thousand Km2 and more than 630 completed and drilled wells The Pre-Salt area comprises approximately 149,000 Km² and just 15 wells drilled until the present moment This scenario will demand significant efforts from Petrobras and its feasibility of the areas and subsequently start development and production partners to implement a drilling program to confirm the economic activities As the operator of the blocks, Petrobras will need to charter a significant number of deepwater oil rigs (estimated at 40 units)

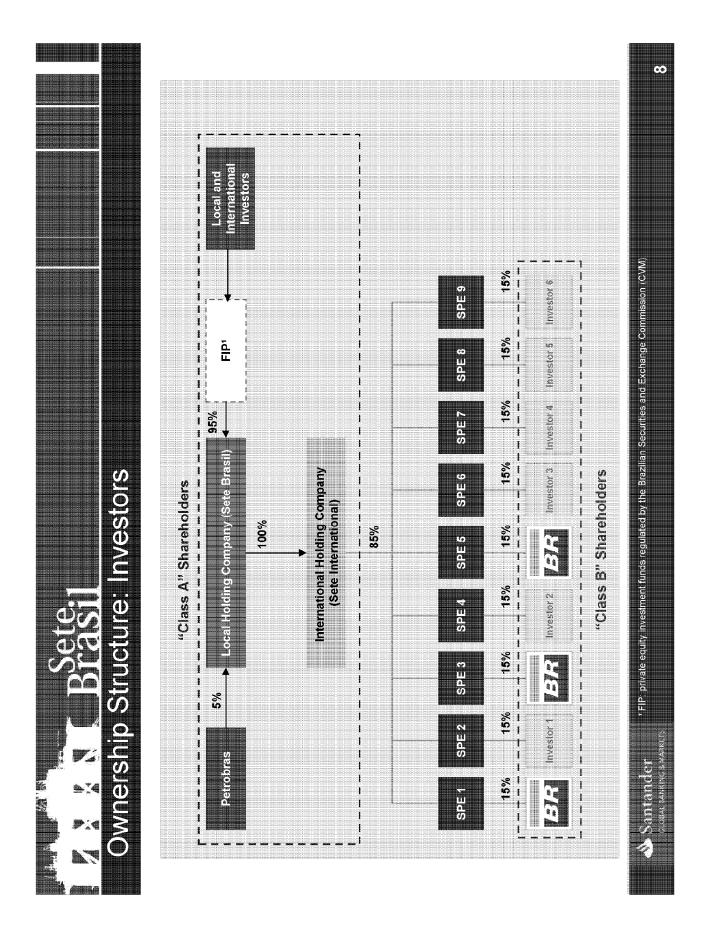
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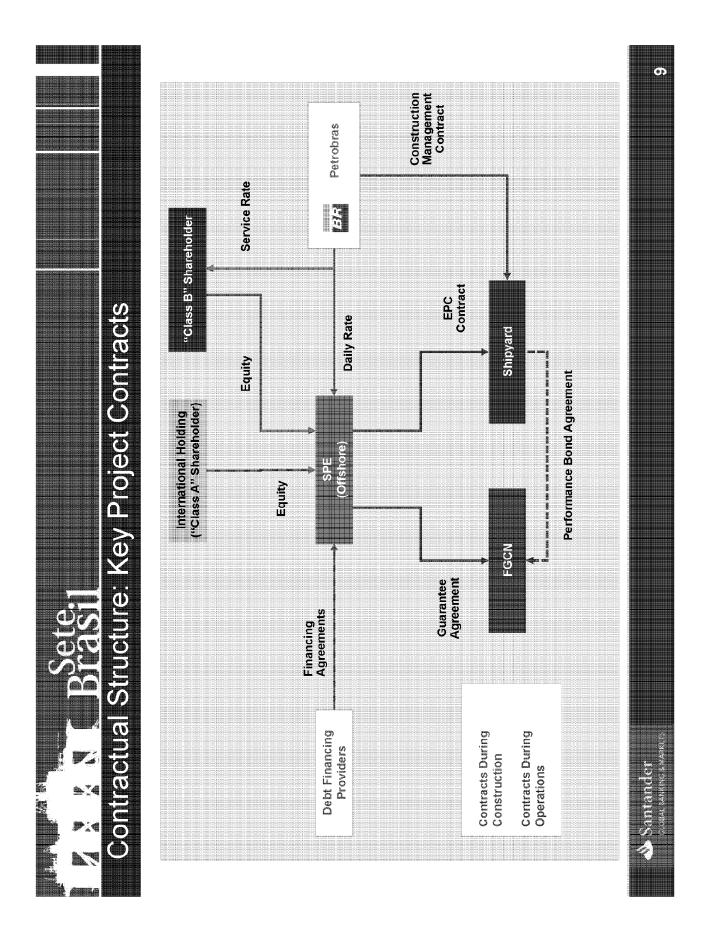
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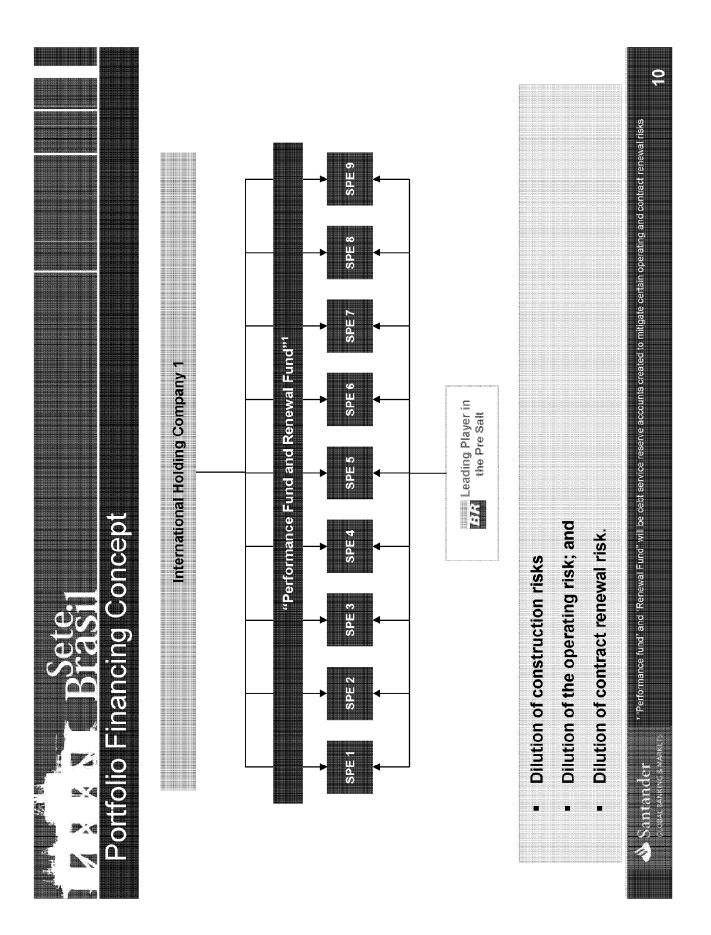
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- The purpose of the FGCN, a mechanism created by the Brazilian Government, is to secure the credit risk underlying shipbuilding financing during construction period;
- The FGCN is a private fund with a total net worth of R\$5 billion, of which R\$4 billion are exclusively dedicated to provide guarantees for the construction of deepwater oil rigs in Brazil;
- The FGCN provides two types of coverage on a first-loss basis: Credit Risk (mandatory contracting) and Performance Risk (optional);
- Credit Risk protection (on behalf of lenders) will be contracted by the SPE;
- Performance Risk protection (on behalf of the EPC Contractor) will be contracted by each shipyard;
- The guarantees may not exceed, individually, 25% of the net asset value of the Fund per secured shipyard; and
- shares, pledge on bank accounts, mortgage security of the Oil Rigs, letters of credit Under the FGCN scheme, shipyards are required to provide collateral (pledge on from the shipyard's shareholders, performance bond, etc).

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